

Setting the Record Straight: Democratic Rhetoric vs. the Facts on Extended Unemployment Benefits

Issue	Democrats Suggest... ¹	Facts Say...
1. How High Is Current Unemployment?	“The unemployment rate had its biggest one-month increase in over 20 years in May.”	<ul style="list-style-type: none"> The May 2008 unemployment rate (5.5%), while higher than recent levels, is still modest by historic standards. For example, the current rate is below the average unemployment rate for the 1980s (7.3%) and 1990s (5.8%). The current rate is below the level in January 1996 (5.6%), when President Bill Clinton said “Our economy is the healthiest it has been in three decades.”
2. How High Is Current Long-Term Unemployment?	“1.5 million workers are <i>long-term</i> unemployed, meaning they have been jobless for over six months.”	<ul style="list-style-type: none"> The long-term unemployment <i>rate</i>, which reflects the share of the labor force that has been out of work for 27 weeks or longer, is a more valid measure. The May 2008 long-term unemployment rate (1.0%) equals the average (1.0%) for all months since 1980.² This does not support calls for a <i>nationwide</i> extension of benefits.
3. Should Benefits Be Targeted to High-Unemployment Areas?	“There are over 100 metropolitan areas located in every region of the country with unemployment rates of six percent or higher.”	<ul style="list-style-type: none"> While appearing to support targeted benefits, H.R. 5749 is untargeted and would pay most of its benefits regardless of State unemployment conditions, which vary widely. On April 16, 2008 Ways and Means Republicans proposed targeting extended benefits to States with unemployment rates of 5.1% or greater, or where unemployment had risen sharply. Democrats rejected this “targeted” approach, insisting on paying benefits in all States regardless of their unemployment rate.
4. When Should Congress Act?	“Congress has enacted federally-funded extended unemployment benefit programs on seven different occasions over the last fifty years in response to economic weakness.”	<ul style="list-style-type: none"> The <i>average</i> unemployment rate when prior temporary programs began was 7.3% – nearly 2 percentage points above today’s 5.5% rate.³ The current unemployment rate is below the prior record low when Congress began a temporary extended benefits program (5.7% in March 2002). The unemployment rates for the months when the prior temporary programs were started were the following: 1958 – 7.3%; 1961 – 7.0%; 1972 – 5.8%; 1975 – 8.1%; 1982 – 10.1%; 1991 – 7.0%; and 2002 – 5.7%.⁴
5. How Does This Compare to Prior Programs?	“This structure is very similar to the Temporary Extended Unemployment Compensation (TEUC) program established in 2002 in response to the last recession.”	<ul style="list-style-type: none"> The current proposal (H.R. 5749) does NOT include a longstanding Federal requirement that individuals work at least 20 weeks before being laid off in order to collect up to 26 weeks of Federally-funded extended benefits. Without this requirement, a worker could get laid off in some States after working as little as two weeks and collect a total of 52 weeks of (regular and extended) unemployment benefits under the Democrat plan.

¹ Ways and Means Committee on Ways and Means Democrats, “Unemployment Extension Briefing Materials,” June 9, 2008.

² Ways and Means Republican staff calculation, using DOL data.

³ Ways and Means Republican staff calculation, using DOL data.

⁴ DOL data.